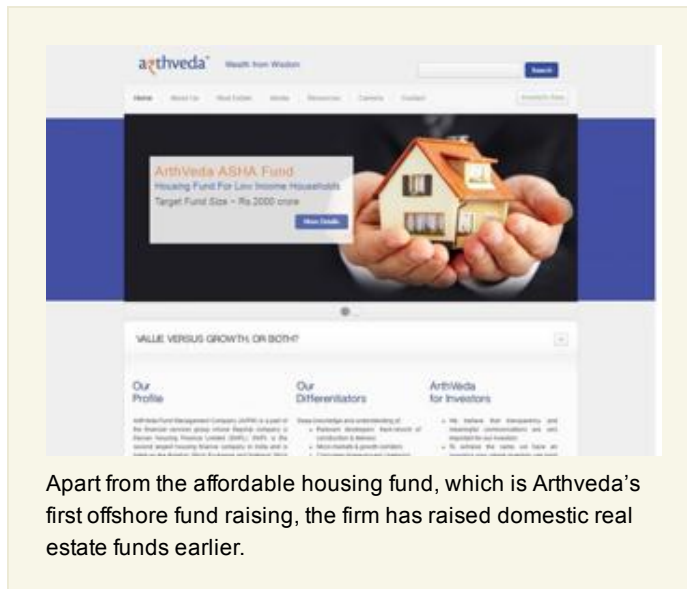


# Qatar Holdings commits \$250 mn in Arthveda's affordable housing fund

This is Qatar Holdings' first significant investment into India's affordable housing segment after the recent Union Budget



**Bengaluru:** In a significant foreign investment in the affordable housing sector, Qatar Holding LLC has committed to invest \$250 million in Arthveda Fund Management Pvt. Ltd's new Affordable Housing Fund.

Arthveda's fund is an alternative investment fund (AIF) backed by a single investor—Qatar Holding a subsidiary of the Qatar Investment Authority, the government of Qatar's sovereign wealth fund—and it will invest in low and mid-income housing projects.

A third of its investments will be towards projects in distant suburbs of Mumbai, but it will also invest in cities such as Hyderabad, Bengaluru, Nagpur, Lucknow and Jaipur.

The subscription of the entire corpus of its foreign-direct-investment-compliant affordable housing fund by Qatar Holding is the first significant foreign inward investment into India's affordable housing segment after the recent Union budget, said Bikram Sen, chief executive officer of Arthveda Fund Management.

The budget on 1 February gave a big push to affordable housing projects and announced many incentives to realize the government's initiative to provide "housing for all by 2022".

The budget proposed to assign infrastructure status to affordable housing projects and facilitate higher investments.

"We have been marketing the fund for the last 18 months or so and it has come through at a time when the government has announced its affordable housing sector plans. It also helps that the government has relaxed FDI norms, making it easier for us to now invest," said Sen.

Arthveda raised the capital with the help of Dubai-based investment banking firm CI Holding Global.

India needs to build 19 million urban housing units in the low- and mid-income category by 2022 across tier I, II and III cities, which require a capital of \$1 trillion, according to estimates by Arthveda Fund Management.

In the low-income-group category, it will invest in projects with homes priced at Rs12.5-30 lakh and in the mid-income group, between Rs25-30 lakh, Sen said.

The average transaction size will be Rs25-30 crore, but the fund will also do a few large deals of Rs150-250 crore.

Arthveda Fund Management is part of Wadhawan Global Capital Pvt. Ltd, a financial services firm, with Dewan Housing Finance Corp. Ltd (DHFL) as the flagship entity.

"Arthveda's affordable housing fund leverages our entire group's leadership in the low- and mid-income lending segment and applies that to investments in affordable housing," said Kapil Wadhawan, chairman and managing director of DHFL and Arthveda.

Apart from the affordable housing fund, which is Arthveda's first offshore fund-raising, the firm has raised domestic real estate funds earlier.

According to Arthveda, affordable housing is the main focus area in the country's growth agenda and will trigger more foreign investments in the sector. The positive FDI policy changes that happened in this segment will also continue to give a boost to inward investments.

The government has gradually removed minimum project and investment ticket size restrictions in this segment, which should significantly catalyse development and investment, Arthveda said in a statement.

"The budget assigning infrastructure status to affordable housing projects will boost investments because many global funds have large allocations for infrastructure. Along with the budget incentives, the new real estate law assures better transparency, which has been the

issue with foreign investors," said Chintan Patel, partner, deal advisory-real estate and hospitality, KPMG India.

While affordability will be surely be the focus area, Patel said the success of the affordable housing story will depend on how developers execute these projects.